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Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.



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**BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES**

Application Number: 10/614,919

Filing Date: July 03, 2003

Appellant(s): KWAN, KHAI HEE

Khai Hee Kwan
For Appellant

EXAMINER'S ANSWER

This is in response to the appeal brief filed 10/09/2008
appealing from the Office action mailed 07/09/2008.

(1) Real Party in Interest

A statement identifying by name the real party in interest is contained in the brief.

(2) Related Appeals and Interferences

The examiner is not aware of any related appeals, interferences, or judicial proceedings which will directly affect or be directly affected by or have a bearing on the Board's decision in the pending appeal.

(3) Status of Claims

The statement of the status of claims contained in the brief is correct.

(4) Status of Amendments After Final

No amendment after final has been filed.

(5) Summary of Claimed Subject Matter

The summary of claimed subject matter contained in the brief is correct.

(6) Grounds of Rejection to be Reviewed on Appeal

NEW GROUND(S) OF REJECTION

Claim Rejections - 35 USC § 101

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 1-6 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter. Based on Supreme Court precedent, a method/process claim must (1) be tied to another statutory class of invention (such as a particular apparatus) (see at least *Diamond v. Diehr*, 450 U.S. 175, 184 (1981); *Parker v. Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972); *Cochrane v. Deener*, 94 U.S. 780, 787-88 (1876)) or (2) transform underlying subject matter (such as an article or materials) to a different state or thing (see at least *Gottschalk v. Benson*, 409 U.S. 63, 71 (1972)). A method/process claim that fails to meet one of the above requirements is not in compliance with the statutory requirements of 35 U.S.C. 101 for patent eligible subject matter. . Here the claims fails to meet the above requirements because the steps are neither tied to another statutory class of invention (such as a particular apparatus) nor physically transform underlying subject matter (such as an article or materials) to a different state or thing.

(7) Claims Appendix

The copy of the appealed claims contained in the Appendix to the brief is correct.

(8) Evidence Relied Upon

5,613,679	CASA	3-1997
6,363,365	Kou	3-2002
7,092,904	Understein	8-2006
2001/0054001	Robinson	12-2001

(9) Grounds of Rejection

The following ground(s) of rejection are applicable to the appealed claims:

Claim Rejections - 35 USC § 101

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 1-6 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter. Based on Supreme Court precedent, a method/process claim must (1) be tied to another statutory class of invention (such as a particular apparatus) (see at least *Diamond v. Diehr*, 450 U.S. 175, 184 (1981); *Parker v. Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972); *Cochrane v. Deener*, 94 U.S. 780, 787-88 (1876)) or (2) transform underlying subject matter (such as an article or materials) to a different state or thing (see at least *Gottschalk v. Benson*, 409 U.S. 63,

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71 (1972)). A method/process claim that fails to meet one of the above requirements is not in compliance with the statutory requirements of 35 U.S.C. 101 for patent eligible subject matter. . Here the claims fails to meet the above requirements because the steps are neither tied to another statutory class of invention (such as a particular apparatus) nor physically transform underlying subject matter (such as an article or materials) to a different state or thing.

Claim Rejections - 35 USC § 103

1. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

2. Claims 1-3, 6, 7-9, 12, 13-15, and 18-20 are rejected under 35 U.S.C. 103(a) as being unpatentable over Case et al. U.S. Patent Number 5,613,679 (PTO-892 Reference A) in view of Understein U.S. Patent Number 7,092,904 B1 (PTO-892 Reference D).

3. As per claim 1 Case teaches a method for conducting a trusted deposit within at least one network connected to at least one depositor's computer, said method operating on a host computer, comprising:

A) receiving bid amount as a discount from principal from anonymous members of a trusted network wherein said members are depositors (see Case Col. 2 Lns. 35-51) Examiner interprets participants of a lottery as bidder of an auction;

B) selecting the winner from said bids submitted by depositors (see Case Col. 2 Lns. 44-51);

C) excluding said winner from future auctions (see Case Col. 4 Lns. 11-15);

D) depositing pooled funds for winner's account (see Case Col. 2 Lns. 48-49);

E) repeating steps A, B, C, D at predetermined intervals with remaining depositors; and whereby funds comprising cash equivalent or cash (see Case Col. 4 Lns. 11-15).

However Casa does not explicitly teach conducting a deposit auction. Understein auction requiring deposits accounts from its bidders (see Understein Col. 1 Lns 53-58 and Col. 5 Ln 63-Col. 6 Ln. 11). One of ordinary skill in the arts would have found motivation to combine the two teachings for the purpose of

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providing a secure way of extending credit to participants while assuring payment (see Understein Col. 1 Lns. 38-44)

4. As per claim 2 Case teaches the limitation of claim 1. Case further teaches pooled funds consist funds from each selected winner making principal repayment at each predetermined interval beginning from the next interval following the winning interval (see Case Col. 2 Lns. 35-51).

5. As per claim 3 Case teaches the limitation of claim 1. Case further teaches pooled funds consist receiving the discounted principal from each remaining depositor not selected as winner at each predetermined interval, said discount is equivalent to the bid amount submitted by selected winner (see Case Col. 2 Lns. 35-51) Examiner interprets the recouping of original investment of a winner as a discounted principal.

6. As per claim 6 Case teaches the limitation of claim 1. Case further teaches said step of repeating at step E is executed until one depositor is remaining or for a fixed number of sessions as agreed by the members at the outset of the auction whereby said number of sessions is no greater than the number of depositors at the outset (see Case Col. 4 Lns. 11-15).

7. Claim sets 7-9,12 and 13-15,18 are rejected using logic similar to that used to reject claim set 1-3,6.

8. Claims 19 and 20 are rejected using logic similar to that used to reject claims 1 and 6 respectively.

9. Claims 4,5,10,11,16, and 17 rejected under 35 U.S.C. 103(a) as being unpatentable over Case et al. U.S. Patent Number 5,613,679 (PTO-892 Reference A) in view of Kou et al. U.S. Patent 6,363,365 B1 (PTO-892 Reference B) and Understein U.S. Patent Number 7,092,904 B1 (PTO-892 Reference D).

10. As per claim 4 Case teaches the limitation of claim 1. Case further teaches said members are anonymous (see case Fig 3 and 4, illustrates a slip void of personal identifiers. However Case does not teach membership of a depositor network is by invitation only. Understein teaches offering a bidder the ability to bid (see Understien Col. 1 Lns. 55-58). Also, Kou teaches bidding by invitation (see Kou Col. 4 Lns. 34-51). One would find the motivation to combine these teachings in this way, for the purpose of securing the auction network (see Kou Col. 1 Lns. 5-8).

11. As per claim 5 Case teaches the limitation of claim 1. Kou further teaches said networks are linked for deposit auction by invitation from at least one member of one network having relationship with at least one member of the target link network (see Kou Col. 4 Lns. 34-51).

12. Claims 10 and 16 are rejected using logic similar to that used to reject claim 4.

Claims 11 and 17 are rejected using logic similar to that used to reject claim 5.

(10) Response to Argument

Applicant argues that:

Applicant rejects examiners interpretation of a participant of a lottery as a bidder in an auction.

Examiner responds that:

It is of the examiners interpretation that the two are very similar. However Casa does not explicitly teach conducting a deposit auction. Examiner relies on Understein teaching of auction requiring deposits accounts from its bidders (see Understein Col. 1 Lns 53-58 and Col. 5 Ln 63-Col. 6 Ln. 11).

No decision rendered by a court or the Board is identified by the examiner in the Related Appeals and Interferences section of this examiner's answer.

(11) Related Proceeding(s) Appendix

No decision rendered by a court or the Board is identified by the examiner in the Related Appeals and Interferences section of this examiner's answer.

This examiner's answer contains a new ground of rejection set forth in section **(9)** above. Accordingly, appellant must within **TWO MONTHS** from the date of this answer exercise one of the following two options to avoid *sua sponte* **dismissal of the appeal** as to the claims subject to the new ground of rejection:

(1) **Reopen prosecution.** Request that prosecution be reopened before the primary examiner by filing a reply under 37 CFR 1.111 with or without amendment, affidavit or other evidence. Any amendment, affidavit or other evidence must be relevant to the new grounds of rejection. A request that complies with 37 CFR 41.39(b) (1) will be entered and considered. Any request that prosecution be reopened will be treated as a request to withdraw the appeal.

(2) **Maintain appeal.** Request that the appeal be maintained by filing a reply brief as set forth in 37 CFR 41.41. Such a reply brief must address each new ground of rejection as set forth in 37 CFR 41.37(c) (1) (vii) and should be in compliance with the other requirements of 37 CFR 41.37(c). If a reply brief filed pursuant to 37 CFR 41.39(b) (2) is accompanied by any amendment, affidavit or other evidence, it shall be treated as a request that prosecution be reopened before the primary examiner under 37 CFR 41.39(b) (1).

Extensions of time under 37 CFR 1.136(a) are not applicable to the TWO MONTH time period set forth above. See 37 CFR 1.136(b) for extensions of time to reply for patent applications and 37 CFR 1.550(c) for extensions of time to reply for ex parte reexamination proceedings.

For the above reasons, it is believed that the rejections should be sustained.

Respectfully submitted,

/C. Onyezia/

Examiner, Art Unit 3691

/Alexander Kalinowski/

Supervisory Patent Examiner, Art Unit 3691

A Technology Center Director or designee must personally approve the new ground(s) of rejection set forth in section (9) above by signing below:

Wynn Coggins

Director

Technology Center 3600

Conferees:

/A. K./

Supervisory Patent Examiner, Art Unit 3691

Vincent Millin /vm/

Appeals Conference Specialist

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